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**MAYOR KENNETH A. GIBSON'S STATEMENT ON THE IMPACT
OF THE \$19.4 MILLION COMMUNITY DEVELOPMENT
BLOCK GRANTS**

"Newark's program attempts to maximize the economic effects of the entitlement through planning. Major considerations in selecting activities for the community development package are:

1. The municipalities' ability to pay for the service through the operating budget.
2. The impact of including proposed activity in the capital expenditure program.
3. Ability to generate matching funds from outside sources.
4. Number of jobs generated
5. Level of activity generated in private sector.
6. Level of construction generated.

"The total program requires each of these areas to be quantified for individual activities. To avoid double counting, certain categories had to be restricted. The first category, number of jobs generated, is confined to public sector employment as a direct result of the entitlement. An examination of each activity shows that 1,496 jobs should result during the year from Newark's program. This figure doesn't include approximately 250 jobs that were provided as a result of model cities.

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add one

"It is assumed that all jobs will impact favorably on the City due to Newark's resident employment requirement program which is currently in force. With resident employment, salaries paid will have secondary effects on the local economy through resident purchases. It is estimated that an additional \$1,090,480 of income in the local private economy will be generated during the first year of activities as a result of local purchases by persons employed through HCD activities. This figure underscores the importance of the resident employment program.

"Opportunity costs of capital improvements must also be considered as an economic impact. Although only public works projects can be considered for the capital budget funding, the use of this mechanism would absorb 1.7% of the City's bonding capacity, or \$896,428.

"This represents the value of additional capital needs which may be met due to funding of certain public facilities through the community development fund.

"An advantage of the block grant strategy employed in the community development legislation is that HCD funds can be used as the City's share for matching grant programs. In the absence of HCD funds, \$8,349,428 of matching funds emanating from non-City sources would be lost. Therefore, this total must be considered as an economic benefit of the HCD entitlement.

"Another area of impact is income the City receives for conducting certain services. The sale of land and the operation of an emergency housing facility. Federal regulations for the Housing and Community Development Act also place money received from the sale of previously owned urban renewal land in this category. It is estimated that income generated from the sale of land will be \$102,000.

add two

"Additional income will be obtained from rent received through operation of an emergency housing facility. Applying existing rent schedules for property managed by the City, it is calculated that \$40,000 will be obtained through rent receipts.

"Overall income generated by both activities will be \$142,000.

"Newark's community development activities have significant impact on the City's economy through the purchase of contract services. These services include professional management consulting services, demolition services, and purchase of equipment from local businesses. An examination of the scheduled activities shows that \$2,603,497 worth of contract services and goods will be purchased by the City through community development funding. These expenditures will also have secondary impacts on employment in the private sector.

"The final category which was examined is the dollar value of construction that is anticipated from community development activities. Due to the emphasis on physical improvements, this is probably the area of greatest impact. The estimated value of construction activity will be \$10,080,000. Secondary effects from this expenditure will be additional construction employment and expenditures in the local economy. Newark's affirmative action program requires contractors to employ 60% Newark residents. The Office of Human Rights enforces these contract agreements.

"Addition of all impact categories reveals that the Housing and Community Development Act will yield \$40,152,753 of benefits to the City and a total of 1496 public service jobs."